

## WARNING LETTER

### CERTIFIED MAIL - RETURN RECEIPT REQUESTED

January 23, 2012

Mr. William G. Cope  
Vice President – Eastern Operations  
Southern Natural Gas Company  
569 Brookwood Village, Suite 501  
Birmingham, AL 35209

**CPF 2-2012-1003W**

Dear Mr. Cope:

From August 29 to October 27, 2011, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected the Southern Natural Gas Company (SNG) natural gas pipeline system throughout southern Georgia and northern Florida. SNG is a subsidiary of El Paso.

As a result of the inspection, it appears that SNG has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

**1. §192.709 Transmission lines: Record keeping.**

**Each operator shall maintain the following records for transmission lines for the periods specified:**

**.... (c) A record of each patrol, survey, inspection, and test required by Subparts L and M of this part must be retained for at least 5 years or until the next patrol, survey, inspection, or test is completed, whichever is longer.**

Southern Natural Gas (SNG) did not maintain adequate records to document the CY 2010 annual inspection of each transmission line valve that might be required during an emergency as required by Subpart M, §192.745(a).

Due to an error in SNG's work-planning software, the records documenting the CY 2010 annual valve inspections were not properly annotated for 17 valves along portions of Line 3 and along the entirety of Lines 12, 13, 22, and 32 (laterals off of Line 3).

SNG's work plan is generated based on a standard task description. In 2010, the required task description was altered for the referenced pipelines, which led the right-of-way technician to perform maintenance on valves but that maintenance was not documented as

a DOT-compliant annual valve inspection. Therefore, SNG's records do not adequately document the annual inspection of the 17 above referenced valves.

**2. §192.735 Compressor stations: Storage of combustible materials.**

**(a) Flammable or combustible materials in quantities beyond those required for everyday use, or other than those normally used in compressor buildings, must be stored a safe distance from the compressor building.**

SNG stored flammable or combustible materials in quantities beyond those required for everyday use, or other than those normally used in compressor buildings, inside a compressor building.

Drums containing lubrication oil for the compressor turbine were observed inside the Holy Trinity Compressor Station. Several of the drums had labels indicating that their contents were unused lubricating oil, while several more were labeled "empty" or "non-hazardous waste." The operator's personnel confirmed that the volume present in the compressor station at the time of the PHMSA inspection exceeded the quantity required for everyday use.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the items identified in this letter. Failure to do so will result in SNG being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 2-2012-1003W**. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

Sincerely,

Wayne T. Lemoi  
Director, Office of Pipeline Safety  
PHMSA Southern Region